

Message Text

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TO AMEMBASSY TEHRAN PRIORITY

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E.O. 11652: N/A

TAGS: BEXP, IR

SUBJECT: 1976 TEHRAN INTERNATIONAL TRADE FAIR (TITF)

REF: A) TEHRAN 0683, B) STATE 14336

FOLLOWING MESSAGE TRANSMITTED ON BEHALF OF DEPT OF COMMERCE.

QUOTE: L. BEGIN SUMMARY: EXCLUSION OF COMMERCIAL PRESENCE FAIRS (CPF) PROGRAM FROM FY 77 COMMERCE BUDGET RAISES PROBLEMS REGARDING CPF STATUS FOR SUBJECT FAIR. TYPE 1 STATUS UNLIKELY IN VIEW OF REPORTED DISSATISFACTION OF U.S. BUSINESS PARTICIPANTS IN PREVIOUS TITF EVENTS, THE HIGH COST OF MEANINGFUL PARTICIPATION, AND THE UNLIKELIHOOD THAT THE ANTICIPATED SALES RESULTS OF U.S. PARTICIPATION WOULD MEET THE LEVEL REQUIRED FOR ALL USDOC PROMOTION EVENTS WORLDWIDE VERSUS THE EXPENDITURE OF SIMILAR LEVEL OF RESOURCES ON A COMMERCIALY IDENTIFIABLE EVENT. END SUMMARY.

2. USDOC APPRECIATES THE THOUGHTFUL RESPONSE TO UNDER SECRETARY BAKER'S NOVEMBER 14 LETTER TO AMBASSADOR HELMS CONCERNING THE FAIR AND OTHER MATTERS. EMBASSY'S THOROUGH UNCLASSIFIED

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DELINEATION OF REASONS WHY A FIRST-CLASS EXHIBIT IS NEEDED

WAS CAREFULLY REVIEWED. HOWEVER, IN SPITE OF OUR AWARENESS OF EMBASSY'S STRONG DESIRE TO "SHOW THE FLAG" AT THE TITF, USDOC IS NOT IN POSITION UNDER PRESENT CIRCUMSTANCES TO FUND U.S. PARTICIPATION.

3. THE OCTOBER 18-31 DATES OF THE FAIR WOULD NORMALLY REQUIRE FUNDING OF ANY USG PARTICIPATION FROM FY 77 FUNDS.

AS A RESULT OF A REDUCED TRADE PROMOTION BUDGET FOR THE BUREAU OF INTERNATIONAL COMMERCE. CPF FUNDS FOR THE FIFTH QUARTER OF FY 76 ARE FULLY ALLOCATED TO EVENTS FALLING WITHIN THE QUARTER, PRECLUDING CONSIDERATION OF ANY PARTICIPATION BASED ON ADVANCE FUNDING.

4. THE EMBASSY ESTIMATE THAT A FIRST-RATE USG EXHIBITION AT THE TITF WOULD REQUIRE AN EXPENDITURE IN EXCESS OF 100,000 DOLS IN ADDITION TO EXHIBITOR CONTRIBUTIONS, APPEARS VERY REALISTIC. UNFORTUNATELY, THIS REPRESENTS A SUM IN EXCESS OF ANY FUNDS THAT COMMERCE COULD HOPE TO OBTAIN FOR A TITF-TYPE EVENT.

5. A TYPE 1 FAIR HAS BEEN CAREFULLY CONSIDERED BY COMMERCE. HOWEVER, A NUMBER OF PRACTICAL CONSIDERATIONS TEND TO DISQUALIFY THE TITF AS A SUITABLE VEHICLE FOR A TYPE 1 EFFORT. THE PRIMARY PROBLEM, AND ONE NOT PECULIAR TO THE TITF, IS THAT INTERNATIONAL TRADE FAIRS OPEN TO THE PUBLIC TEND TO ATTRACT THOUSANDS OF HOLIDAY VISITORS BUT FEW SERIOUS BUSINESS VISITORS INTERESTED IN INSPECTING AND PURCHASING U.S. PRODUCTS. AMERICAN PARTICIPANTS AT THE LAST TITF COMPLAINED TO US ABOUT THE POOR QUALITY AND QUANTITY OF BUSINESS VISITORS AND EXPRESSED DISSATISFACTION WITH SALES RESULTS. OF THE 18 EXHIBITORS, ONLY 7 REPORTED ANY FLOOR SALES. WE HAVE NO REASON TO BELIEVE THAT THIS SITUATION WOULD SIGNIFICANTLY IMPROVE AT THE 1976 TITF.

6. IN VIEW OF THE ABOVE, COMMERCE CONSIDERS THAT THE NEGATIVE IMPACT ON OUR GLOBAL TRADE PROMOTION PROGRAM RESULTING FROM PARTICIPATION IN AN EVENT WHICH DOES NOT

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MEET PROGRAM STANDARDS PROBABLY OUTWEIGHS ANY NON-COMMERCIAL ADVANTAGES WHICH MIGHT ACCRUE IN IRAN. WE ARE HOWEVER INCREASINGLY CONCERNED WITH THE GROWING PROBLEMS FACING OPERATIONS OF THE TEHRAN TRADE CENTER (SUBJECT SEPTTEL) AND WOULD APPRECIATE EMBASSY ASSESSMENT LIKELY IMPACT ON TRADE CENTER OPERATIONS OF NON-PARTICIPATION TITF.

7. THE PROPOSED COMMERCE TRADE PROMOTION PROGRAM FOR FY 77 FOR IRAN IS A STRONG ONE AND INCLUDES 6 TRADE CENTER SHOWS, 2 TRADE MISSIONS, AND PARTICIPATION ON A TYPE 1 BASIS IN THE NOVEMBER 1977 SANITARY, HOUSEHOLD APPLIANCE, HEATING, AND AIR CONDITIONING EXHIBITION. COMMERCE

AGREEMENT TO PARTICIPATE IN THIS PARTICULAR TYPE 1 EVENT WAS BASED ON FACT THAT THIS FAIR IS TO BE A KEY EVENT IN THE IRANIAN EFFORT TO SPONSOR VERTICAL, RATHER THAN HORIZONTAL, FAIRS; FAIR IS TO BE OPEN TO BUSINESS VISITORS ONLY; AND PERIOD OF FAIR IS ONLY SEVEN DAYS. GIVEN THE SUCCESS OF PERVIOUS TRADE CENTER EVENTS IN TEHRAN, OUR PARTICIPATION IN AGWA FOOD AND OUR CONTINUED SHARPLY FOCUSED TRADE PROMOTION EFFORTS IN IRAN, WE FEEL THAT IT IS UNLIKELY THAT THE GOI WOULD CONSIDER OUR MISSING THE TITF AS A SIGN OF DISINTEREST IN U.S.-IRAN TRADE. UNQUOTE. KISSINGER

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